

MARCH 11, 2015

CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF IREO GRACE REALTECH PRIVATE LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	47.50	CARE BBB (Triple B)	Reaffirmed
Short term Bank Facilities	10.00	CARE A3+ (A Three Plus)	Reaffirmed
Total Facilities	57.50		

Rating Rationale

The ratings for the bank facilities of Ireo Grace Realtech Pvt Limited (IGRPL) continue to derive strength from its experienced promoters and management, their established track record in executing real estate projects and comfortable capital structure. The ratings also take into account the favorable location of the ongoing project, its reasonable sales status, fully paid-up land and all necessary approvals in place. The ratings are however, constrained due to high dependence on customer advances, project execution risk with significant portion of the cost yet to be incurred and subdued outlook of the real estate industry. Going forward, the ability of the company to timely execute the project within the envisaged cost and timely recovery of the sales receipts/advances from the customers shall be the key rating sensitivities.

Background

Incorporated in 2010, Ireo Grace Realtech Pvt Limited (IGRPL) is part of the IREO group, a real estate private equity fund with investable assets of USD 1.6 billion. Presently, IGRPL is developing a residential group housing project in Gurgaon under the name of 'IREO The Corridors'.

IGRPL has accumulated land bank in Gurgaon region and proposes to launch more projects going forward. Presently, IGRPL has launched one GH housing project (The Corridors) on a land area of 37.5 acres comprising of 2,000 units.

As on January 15, 2015 IGRPL has sold 19.57 Isf of area out of 37.74 Isf of project saleable area and incurred cost of Rs.541 crore on the project.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer: CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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